

Message Text

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UNCLAS PRAGUE 2591 SECTION 1 OF 2

COMMERCE FOR BEWT/TPD (MATHES)

VIENNA FOR USEWTC

E.O. 11652: N/A

TAGS: BEXP, EIND, CZ

SUBJECT: TENTATIVE USEWTC OFF-SITE EXHIBITION INCHEBA '75
(BRATISLAVA)

REF: A. VIENNA 8803; B. VIENNA 8633

BEGIN SUMMARY: SEVENTH ANNUAL INCHEBA INTERNATIONAL
CHEMICAL TRADE FAIR WILL BE HELD IN BRATISLAVA FROM
JUNE 21-27, 1975. AS ONLY TRADE FAIR IN CEMA
COUNTRIES SPECIALIZING IN CHEMICAL INDUSTRY PRODUCTS
AND EQUIPMENT, EMBASSY CONSIDERS INCHEBA PRIME
CANDIDATE FOR EWTC OFF-SITE EXHIBITION IN
CZECHOSLOVAKIA. BASED ON INTERVIEWS WITH RESPONSIBLE
OFFICIALS, EMBASSY SUGGESTS EXHIBIT BE COMPOSED OF
10-12 U.S. PRODUCERS OF EITHER BASIC CHEMICAL MATERIALS
OR PROCESSING EQUIPMENT AND BE GIVEN EARLY AND POSITIVE
CONSIDERATION FOR INCHEBA '75. IN
DECIDING WHETHER TO PARTICIPATE, HOWEVER, COMMERCE
AND USEWTC SHOULD TAKE INTO ACCOUNT LIKELY ADVERSE
EFFECTS ON U.S. TRADE PROSPECTS IN CZECHOSLOVAKIA IF LONG-
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GRAVEL AMENDMENT TO TRADE REFORM ACT IN ITS PRESENT
FORM IS PASSED BY CONGRESS. END SUMMARY.

1. DESCRIPTION OF INCHEBA FAIR; PRODUCT CATEGORIES,

DATES, LOCATION, PHYSICAL LAYOUT, ETC.

THE SEVENTH ANNUAL INTERNATIONAL CHEMICAL FAIR, INCHEBA '75, WILL TAKE PLACE IN BRATISLAVA FROM JUNE 21 TO JUNE 27, 1975. LIKE ITS PREDECESSORS, INCHEBA '75 WILL FOCUS PRIMARILY ON THE FOLLOWING PRODUCT CATEGORIES: 1) BASIC CHEMICAL INDUSTRY (RAW MATERIALS, INTERMEDIATE AND SEMI-FINISHED CHEMICAL PRODUCTS OF ALL TYPES); 2) BUILDING MATERIALS (PLASTICS, RUBBER, CELLULOSE, ETC.); 3) PHARMACEUTICALS (HUMAN AND VETERINARY, INCLUDING DENTAL); 4) TECHNOLOGY (PATENTS, LICENSES, KNOW-HOW, ETC.); 5) HOUSEHOLD CHEMISTRY (COSMETICS, DETERGENTS, PHOTOGRAPHIC CHEMICALS, ETC.); AND 6) EQUIPMENT AND INSTRUMENTATION (MEASURING, REGULATING AND CONTROL DEVICES, LABORATORY INSTRUMENTS, COMPUTERS FOR USE IN CHEMICAL PROCESSING, COMPLETE CHEMICAL PLANTS). THE FAIR WILL BE PHYSICALLY SITUATED AT PARK OF CULTURE AND REST LOCATED ABOUT ONE MILE WEST OF CENTER OF BRATISLAVA ON BANK OF DANUBE RIVER. SEVERAL MEDIUM-SIZED PAVILIONS, PROVIDING A TOTAL OF 30,000 SQUARE METERS OF CLOSED (20,000 SQUARE METERS) AND PARTIALLY OPEN (10,000 SQUARE METERS) EXHIBITION SPACE, WILL HOUSE EXHIBITORS.

2. EXHIBITORS AT INCHEBA '74

ACCORDING TO OFFICIAL CATALOG, OVER 450 INDIVIDUAL EXHIBITORS ATTENDED INCHEBA '74 MOSTLY FROM SOCIALIST COUNTRIES. OF THESE, ONLY TWO CAME DIRECTLY FROM UNITED STATES: AMERICAN CYANAMID (WAYNE, NEW JERSEY) AND PERRY INDUSTRIES, INC. (HICKSVILLE, NEW YORK). HOWEVER, SEVERAL OTHER U.S. FIRMS WERE REPRESENTED BY THEIR EUROPEAN SUBSIDIARIES, AMONG THEM: CLARK EQUIPMENT, HEWLETT-PACKARD, PERKIN-ELMER, COMPU CORP CALCULATING SYSTEMS, DOW CHEMICAL, DU PONT AND UNIROYAL. OVER 150 OF REMAINING EXHIBITORS WERE FROM CZECHOSLOVAKIA, INCLUDING INDUSTRIAL TRUSTS AND PRODUCTION ENTERPRISES. OF OTHER WESTERN EXHIBITORS, WEST UNCLASSIFIED

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GERMAN AND AUSTRIAN FIRMS LED PACK NUMBERING 40 AND 25, RESPECTIVELY. BRITAIN AND HOLLAND WERE ALSO WELL REPRESENTED. ONLY ONE JAPANESE FIRM PARTICIPATED AT INCHEBA '74.

3. MARKETING INTERVIEWS, VISIT TO SITE

IN LATE SEPTEMBER/EARLY OCTOBER, AN EMBOFF INTERVIEWED INCHEBA OFFICIALS IN BRATISLAVA AND CHEMAPOL FTO OFFICIALS IN PRAGUE CONCERNING POSSIBILITY OF USEWTC-SPONSORED EXHIBIT AT INCHEBA '75. FOLLOWING IS GIST OF THEIR REMARKS: FIRST, OFFICIALS OF BOTH ORGANIZATIONS EMPHASIZED INTERNATIONAL CHARACTER OF INCHEBA FAIR, NOTING THAT CENTRAL LOCATION OF BRATISLAVA MAKES IT

IDEAL SPOT FOR ONLY SPECIALIZED CHEMICAL INDUSTRY EXHIBIT IN ALL OF CEMA COUNTRIES. TOP CHEMICAL PEOPLE FROM TRUSTS, FACTORIES AND RESEARCH INSTITUTES WILL ATTEND FROM ALL OVER CEMA. IN ALL 50,000 PEOPLE VISITED INCHEBA IN 1974. SECOND, OFFICIALS NOTED THAT ALTHOUGH THERE IS SOME OVERLAP WITH EXHIBIT CATEGORIES AT BOTH BRNO ENGINEERING AND CONSUMER GOODS FAIRS, ESPECIALLY IN AREA OF MEDIUM-SIZED CHEMICAL PROCESSING EQUIPMENT (INCHEBA CANNOT PHYSICALLY ACCOMMODATE HEAVY EQUIPMENT) AND HOUSEHOLD CHEMISTRY, PRIME INTEREST IN 1975 WILL BE IN CHEMICAL RAW MATERIALS (ESPECIALLY ORGANIC), INCLUDING CHEMICALS FOR AGRICULTURE AND TEXTILE INDUSTRY; SYNTHETIC FIBERS; CHEMICALS FOR RUBBER AND PLASTICS INDUSTRY, INCLUDING TIRES AND TIRE TECHNOLOGY. NONE OF THESE PRODUCT CATEGORIES ARE EXHIBITED AT EITHER BRNO FAIR. OFFICIALS WERE AT PAINS TO NOTE THAT CZECHOSLOVAKIA HAS VERY LITTLE IN WAY OF RAW MATERIALS FOR CHEMICAL INDUSTRY AND THEREFORE MUST RELY ON IMPORTS TO MEET HER NEEDS. ACCORDING TO OFFICIAL STATISTICS, IMPORTS OF ALL CHEMICALS (SITE CODE 5) INTO CZECHOSLOVAKIA IN 1973 WERE VALUED AT 2,537,979,000 CZECH CROWNS (\$438 MILLION AT PREVAILING OFFICIAL EXCHANGE RATE), UP 14 PERCENT OVER 1972. EXPORTS IN THE SAME CATEGORY AMOUNTED TO 1,756,288,000 CZECH CROWNS (\$303 MILLION), ALSO UP 13 PERCENT OVER PREVIOUS YEAR.

4. MARKETING INTERVIEWS, CONTINUED:
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THIRD, BEST CANDIDATES FOR INCHEBA '75 ARE WESTERN FIRMS WHICH ALREADY HAVE EQUIPMENT OR PROCESSES INSTALLED SOMEWHERE IN CMEA COUNTRIES, THUS MAKING IT POSSIBLE FOR CZECHOSLOVAK TECHNICIANS AND DECISION-MAKERS TO VISIT PLANTS WHERE EQUIPMENT IS LOCATED AND WITNESS OPERATIONS AT FIRST HAND. (IN THIS CONNECTION, FIRMS WHICH PARTICIPATE IN INCHEBA ARE ADVISED TO MENTION E/E INSTALLATIONS IN WHATEVER LITERATURE THEY PREPARE FOR HANDOUTS AT FAIR.) FOURTH, CRACKING EQUIPMENT OF ALL KINDS WILL BE HIGHLY SOUGHT AFTER IN NEXT FEW YEARS AS CZECHOSLOVAK PETROCHEMICAL INDUSTRY CONTINUES ITS AMBITIOUS EXPANSION PLAN LAUNCHED AT BEGINNING OF CURRENT FIVE-YEAR PLAN. PLASTICS PRODUCTION EQUIPMENT, ESPECIALLY FOR POLYETHYLENE, POLYPROPYLENE AND POLY-VINYLCHLORIDE IS HIGH ON LIST OF PURCHASE PRIORITIES.

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5. MARKETING INTERVIEWS CONTINUED

FIFTH, AND FINALLY, A U.S. GROUP EXHIBIT OF AROUND 10 12 FIRMS WOULD BE IDEAL SIZE FOR FIRST EXHIBIT. IN ADDITION TO ABOVE-MENTIONED GENERAL GUIDELINES, CHEMAPOL PRAGUE WOULD PARTICULARLY LIKE TO SEE FOLLOWING TWO U.S. FIRMS PARTICIPATE: INTERNATIONAL MINERAL AND CHEMICAL CORPORATION (KOBERTYVILLE, ILLINOIS) AND HOOKER CHEMICAL CORPORATION (STAMFORD, CONNECTICUT AND NIAGARA FALLS, N.Y.). OFFICIALS MENTIONED ON-GOING CONSTRUCTION OF LARGE PETRO-CHEMICAL COMPLEX AT ZALUZI, NORTH OF PRAGUE, AS OFFERING CONTINUED OPPORTUNITIES FOR U.S. SUPPLIERS OF RAW MATERIALS AND EQUIPMENT.

6. EMBASSY ASSESSMENT

ON BASIS OF FOREGOING INTERVIEWS AND ON-SITE INSPECTION OF INCHEBA FAIR FACILITIES, WE STRONGLY RECOMMEND THAT THIS EVENT BE CHOSEN AS USEWTC 1975 OFF-SITE EXHIBITION IN CZECHOSLOVAKIA. IN RECRUITING FIRMS. IT IS OUR JUDGMENT THAT COMMERCE SHOULD CONCENTRATE ON EITHER PRODUCT CATEGORY (1) OR (6) AS DESCRIBED IN PARA (1) ABOVE. THESE TWO CATEGORIES DOVETAIL NICELY WITH PETROCHEMICAL INDUSTRY EXPANSION PLANS THROUGHOUT UNCLASSIFIED

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CEMA AND PROVIDE WIDEST MARGIN FOR A SUCCESSFUL COMMERCIAL EFFORT. IF THIS RECOMMENDATION IS ACCEPTED, WE WOULD URGE COMMERCE AND USEWTC TO CONCENTRATE RECRUITMENT EFFORTS AMONG THOSE FIRMS WHICH ARE LARGE ENOUGH AND WILLING TO EXPEND A CONSIDERABLE AMOUNT OF MONEY AND TIME IN DEVELOPING EASTERN EUROPEAN MARKET. IN THIS CONNECTION, WE NOTE THAT DU PONT HAS RECENTLY SIGNALLED ITS INTENTIONS TO PARTICIPATE MORE OFTEN IN COMMERCE-SPONSORED TRADE EVENTS (VIENNA 8633). INCHEBA '75 IT SEEMS

TO US, WOULD PROVIDE A IDEAL OPPORTUNITY TO INVITE
DU PONT'S PARTICIPATION IN A SPECIALIZED GROUP
EXHIBIT.

7. RECOMMENDED ACTION

WE AGREE WITH EWTC, EFTL (A) THAT TIME IS OF ESSENCE
IN RESERVING SPACE IN INCHEBA NEXT SUMMER. FAIR
OFFICIALS, HOWEVER, ASSURED EMBOFF THAT ADEQUATE
SPACE FOR U.S. EXHIBIT OF SIZE DISCUSSED IN PARA (5)
ABOVE, REQUIRING, SAY, 200 SQUARE METERS, IS STILL
AVAILABLE. DEADLINE FOR REQUESTING SPACE IS NOVEMBER
1, 1974, BUT OFFICIALS WOULD BE PREPARED TO EXTEND
THIS DEADLINE FOR US SOMEWHAT IN VIEW OF OUR EXPRESSED
INTEREST. WE SHOULD, HOWEVER, GIVE INCHEBA
AUTHORITIES SOME PRELIMINARY FIRM INDICATION OF OUR
INTENTION TO PARTICIPATE BY THAT DATE. COST OF SPACE
WILL BE APPROXIMATELY \$25 PER SQUARE METER, AT CURRENT
EXCHANGE RATES.

8. RECOMMENDED ACTION CONTINUED

WITHIN NEXT WEEK OR TWO EMBASSY SHOULD BE ABLE TO
FORWARD TO COMMERCE (BEWT/TPD) AND TO USEWTC SEVERAL
PHOTOGRAPHS OF INCHEBA SITE TO AID IN PLANNING
EXHIBIT. IN ADDITION, WE ARE FORWARDING BY AIRGRAM
SEVERAL BROCHURES, NEWSLETTERS AND BOOKLETS (IN
ENGLISH) DESCRIBING AMONG OTHER THINGS, GENERAL CONDITIONS OF
PARTICIPATION IN SEVENTH ANNUAL INCHEBA FAIR.

9. AS IMPORTANT AS RESERVING SPACE FOR EXHIBIT IS
MAKING PROVISION FOR AN ADEQUATE NUMBER OF HOTEL ROOMS
FOR EXHIBITORS. UNLESS COMMERCE OR USEWTC PERCEIVES
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OBJECTION, EMBASSY INTENDS IMMEDIATELY TO REQUEST
20 SINGLE ROOMS IN FIRST-CLASS HOTEL THROUGH CEDOK'S
BRATISLAVA OFFICE FOR SEVEN-DAY PERIOD OF FAIR.

10. LONG-GRAVEL AMENDMENT- A NOTE OF CAUTION
CLEARLY, THE CHANCES FOR SHORT-TERM COMMERCIAL SUCCESS
OF U.S. PARTICIPATION AT INCHEBA '75 ARE SOMEWHAT
DEPENDENT UPON CONGRESSIONAL ACTION ON LONG-GRAVEL
AMENDMENT TO TITLE IV OF TRADE REFORM ACT. COMMERCE
WILL CERTAINLY WISH TO CONSIDER THIS FACTOR CAREFULLY
IN WEIGHING DECISION TO PARTICIPATE IN INCHEBA. IN
LONG-RUN, OF COURSE, EXPOSURE OF U.S. SUPPLIERS AT
INCHEBA SHOULD DEFINITELY BE ADVANTAGEOUS TO THHEIR
MARKET PROSPECTS IN CZECHOSLOVAKIA NO MATTER WHAT
HAPPENS ON LONG-GRAVEL; BU IN SHORT-TO-
MDDIUM-TERM, THIS AMENDMENT COULD HAVE AN
UNSETTLING INFLUENCE ON TRADE OPPORTUNITES FOR
U.S. FIRMS IN GENERAL.
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